



*United States Attorney
Southern District of New York*

FOR IMMEDIATE RELEASE
MAY 11, 2006

CONTACT: U.S. ATTORNEY'S OFFICE
HERBERT HADAD, MEGAN GAFFNEY
HEATHER TASKER, BRIDGET KELLY
(212) 637-2600

FBI
CHRISTINE MONACO, JAMES MARGOLIN
(212) 384-2715, 2720

**NEW JERSEY GRAND JUROR CHARGED WITH LEAKING DETAILS
OF BRISTOL-MYERS INVESTIGATION TO MEMBERS
OF INTERNATIONAL INSIDER TRADING RING**

Latest Arrest in Multi-Faceted Insider Trading Scheme

MICHAEL J. GARCIA, the United States Attorney for the Southern District of New York, and MARK J. MERSHON, the Assistant Director-in-Charge of the New York Office of the Federal Bureau of Investigation, announced today the arrest of JASON SMITH and the unsealing of a Complaint in Manhattan federal court charging SMITH with insider trading. As alleged in the Complaint, SMITH, while serving as a juror on a federal Grand Jury in New Jersey, leaked confidential information concerning the grand jury's investigation of accounting fraud at Bristol-Myers Squibb Company.

SMITH, an employee of the U.S. Postal Service in New Jersey, is charged with leaking that information to Eugene Plotkin, an associate at Goldman Sachs & Co. and David Pajcin. Plotkin and Pajcin were previously charged with participating in a multi-million dollar international scheme to trade on inside information obtained from numerous sources. Pajcin and Plotkin, after receiving tips from SMITH concerning the progress of the Grand Jury's investigation, traded and tipped others to trade in Bristol-Meyers securities, betting that the stock price would decline once the outcome of the Grand Jury's investigation was announced, according to the Complaint.

Mr. GARCIA also noted that SMITH has simultaneously been charged in a Complaint filed in New Jersey federal court with criminal contempt for his violations of the federal grand jury secrecy laws.

The arrest of SMITH is the latest result of a nine-month investigation that began in early August 2005, when the FBI began investigating suspicious trading in Reebok securities just prior to the public announcement that Reebok had agreed to be acquired by Adidas. As detailed in the Complaint, Plotkin and Pajcin were at the center of a multi-faceted scheme to unlawfully trade on inside information from a number of sources, including: (1) Stanislav Shpigelman, an analyst at Merrill Lynch who provided information concerning numerous Merrill Lynch corporate deals; and (2) Nickolaus Shuster and Juan Renteria, two employees of a Wisconsin printing plant who stole advance copies of Business Week magazine and provided inside information from the magazine's "Inside Wall Street" column. Plotkin, Pajcin, Shpigelman, Shuster, and Renteria have all previously been charged for their various roles in the insider trading enterprise.

Secret Grand Jury Information Leaked By Jason Smith

The Complaint unsealed today concerns a third source of inside information. As alleged, JASON SMITH, while serving as a grand juror, provided Plotkin and Pajcin with material, non-public information relating to a then-ongoing Grand Jury investigation of Bristol-Myers Squibb Company ("BMS"). In particular, SMITH served as a Grand Juror on a New Jersey Grand Jury that was investigating accounting fraud allegations against BMS and several BMS executives. Through his service on that Grand Jury, it is alleged, SMITH learned confidential information about the investigation and passed that information on to Pajcin and Plotkin in exchange for a promise of payment of a portion of any profits made as a result of SMITH's information.

Based on the information provided by SMITH, Pajcin executed short sales of BMS stock, anticipating that a certain high-level BMS executive (the "BMS Officer") would be indicted, it is charged. When SMITH later informed Pajcin that the BMS Officer would not be indicted, Pajcin allegedly closed out the short position on BMS stock based on that information. Plotkin and Pajcin also allegedly tipped other individuals, including a Plotkin family member, to similarly trade in BMS stock based on Smith's information.

According to the Complaint, on one occasion, SMITH and Pajcin met with Plotkin in Manhattan to discuss the scheme and, in particular, how best for SMITH to quickly relay information he learned in the Grand Jury to Pajcin and Plotkin. To do so, it is alleged, they devised a method by which SMITH would surreptitiously place a call to Pajcin from the Grand Jury in

order to signal that the Grand Jury was going to indict the BMS Officer.

The Complaint charges that in the Spring of 2005 SMITH informed Pajcin that the BMS Officer had testified in the Grand Jury on multiple occasions, and SMITH described some of the testimony. In March 2005, Pajcin then executed short sales of BMS stock.

Subsequently, in June 2005, SMITH allegedly informed Pajcin that the Grand Jury would likely be issuing indictments at their next meeting. It is charged that SMITH also informed Pajcin that there had been a press report indicating that the BMS Officer would not be indicted, but that the prosecutors had advised the Grand Jury members to ignore what they read in the papers, and SMITH believed the BMS Officer would still be indicted. According to the Complaint, on the basis of this information, Pajcin and other individuals that Pajcin and Plotkin tipped executed short sales of BMS stock prior to the scheduled Grand Jury session.

The Complaint alleges that on the day that the Grand Jury was scheduled to issue indictments, SMITH called Pajcin and told Pajcin that the Grand Jury was not going to indict the BMS Officer. Based on this information, it is alleged, Pajcin closed out his short position in BMS, and was involved in tipping others to do the same.

It is also alleged that in a recorded telephone call on April 12, 2006, Pajcin told SMITH that Pajcin was considering cooperating and that the Government might ask Pajcin about the trading in BMS stock which would lead Pajcin to tell the Government about that "jury thing." In response, SMITH allegedly indicated that he knew what Pajcin was speaking about. Pajcin, it is charged, also told SMITH that it was possible that SMITH would be questioned about his service on the BMS Grand Jury, but that the Government seemed to be interested in bigger trades. It is charged that in response, SMITH, among other things, expressed serious concerns for himself, discussed possibly fleeing, and asked whether SMITH and Pajcin could say that they were just friends talking.

***Jason Smith's Participation in the Insider Trading Scheme
Organized by Plotkin and Pajcin***

The Complaint also alleges that Smith participated in Plotkin's and Pajcin's other attempts to gain inside information and trade on that information.

For example, it is alleged that in the Fall of 2004, JASON SMITH provided Pajcin with \$7,000 to help Pajcin and Plotkin fund an account they were planning to use in their various trading schemes.

The Complaint also alleges that once Pajcin learned of the FBI's investigation of trading in Reebok securities, Pajcin and Plotkin came to SMITH's residence where SMITH helped Pajcin and Plotkin destroy laptop computers and portable hard drives on which they had stored information concerning their inside trading, as well as cellular telephones they each had used in the course of their insider trading activity. It is also alleged that not long thereafter, Pajcin left the country and traveled to the Dominican Republic and Cuba in order to evade law enforcement. According to the Complaint, during this time period SMITH traveled to Cuba to deliver to Pajcin approximately \$10,000, which Plotkin had given to SMITH for delivery to Pajcin.

In addition, it is alleged that in the Fall of 2004, Pajcin and SMITH explicitly discussed a scheme whereby SMITH would go to Wisconsin to get a job that would enable SMITH to obtain pre-publication copies of a magazine. While SMITH did not go to Wisconsin, it is also alleged that periodically JASON SMITH would contact Pajcin and ask how they did, which Pajcin understood to be an inquiry concerning the size of their collective profits from trading on information from that week's "Inside Wall Street" column in Business Week magazine.

* * *

SMITH, 29, resides in Jersey City, New Jersey.

SMITH is expected to appear today in federal Magistrate Court in Manhattan. As a result of the three charges in the Complaint, SMITH faces a maximum penalty of 45 years in prison. Also today, the SEC separately announced the filing of an amended civil insider trading complaint charging SMITH along with Plotkin, Pajcin, Shpigelman, and others.

Mr. GARCIA, a member of the President's Corporate Fraud Task Force, praised the efforts of the FBI and the SEC for their handling of this investigation. Mr. GARCIA also thanked Christopher J. Christie, the United States Attorney for the District of New Jersey, for the assistance provided by Mr. Christie and his Office. Mr. GARCIA also noted that the investigation is continuing.

Assistant United States Attorney BENJAMIN M. LAWSKY is in charge of the prosecution.

The charges contained in the Complaint are merely accusations, and the defendant is presumed innocent unless and until proven guilty.

06-066

###